

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
AN ORDER AUTHORIZING SAID CORPORATION)
TO BORROW ONE MILLION TWO HUNDRED)
EIGHTEEN THOUSAND DOLLARS (\$1,218,000))
FROM THE LOUISVILLE BANK FOR COOPERA-)
TIVES AND TO EXECUTE A NOTE FOR SAID)
SUM TO THE LOUISVILLE BANK FOR)
COOPERATIVES, SAID NOTE TO BE ISSUED)
UNDER AND SECURED BY A MORTGAGE TO BE) CASE NO. 9592
EXECUTED BY THE CORPORATION AND DE-)
LIVERED TO THE LOUISVILLE BANK FOR)
COOPERATIVES, THE PROCEEDS TO BE USED)
IN THE BUILDING AND ERECTING OF)
EIGHTY AND FIFTY-NINE HUNDREDTHS)
(80.59) MILES OF DISTRIBUTION LINES)
IN BULLITT, MARION, NELSON, SPENCER,)
WASHINGTON, JEFFERSON, SHELBY,)
ANDERSON, MERCER, AND LARUE COUNTIES)
IN KENTUCKY)

O R D E R

IT IS ORDERED that Salt River Rural Electric Cooperative Corporation ("Salt River") shall file three copies of the following information with the Commission within 10 days from the date of this Order. Failure to file the information within this time, or to request and receive an extension of time, may result in the case being dismissed.

1. Provide a copy of the loan agreement between Salt River and the Louisville Bank for Cooperatives ("LBC").

2. Provide a detailed description of any other financing options that were considered in securing the LBC loan. This

response should include the reason(s) that LBC financing was selected over other options as well as the results of any studies conducted which support the use of LBC financing.

3. What consideration has Salt River given to the various loan programs available through LBC? Explain which option Salt River anticipates selecting at this time.

4. Provide the additional debt service requirements associated with the Rural Electric Administration ("REA") loan and the LBC loan.

5. Provide an amortization schedule of the proposed loan from LBC.

6. Provide the current interest rates on both LBC fixed rate and variable rate loans.

7. Will Salt River be able to meet its increased debt service requirements with the revenues generated by its existing rates?

8. REA Forms 740 C.

9. Board of Directors approval of the loan applications and proposed construction.

Done at Frankfort, Kentucky, this 19th day of June, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary